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DEPARTMENT OF STATE
AIRGRAM

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A-1122
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CLASSIFICATION

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TO: : DEPARTMENT OF STATE

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FROM : American Embassy ROME

SUBJECT: : CIVAIR: Press Coverage of Negotiations

REF :

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY
DATE June 7, 1967 DATE 25 MAY 1982
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Attached as enclosures to this airgram are the Embassy's translations of local press coverage of the end of the Rome session of the US-Italy bilateral civil air negotiations, for the period May 27 to June 6, 1967. The clippings appearing in Enclosure 9 are based on the joint communique issued by the two delegations, and have not been translated. The misinformation about comparative route grants with other countries, appearing in the Air Press Bulletin (Enclosure 15), has so far been picked up only by UNITA (Enclosure 16).

Also included are two articles by Charles Cabell in the Rome DAILY AMERICAN (Enclosures 13 and 14), based on a background briefing for the American press in Rome held by Deputy Assistant Secretary Loy on June 1.

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Drafted by: ECON:PCNarten:mkm 6-6-67

Contents and Classification Approved by: ECON:FBWigginsJr.

Clearances:

Enclosure 1
Rome A.-1122

DECLASSIFIED

From: IL GIORNALE D'ITALIA

May 27, 1967

ITALY - U.S. AIR TRAFFIC BLOCKAGE THREATENED

We are now very close to the expiration of the air traffic agreement between Italy and the United States, but there is no indication of our being close to a positive conclusion of the difficult negotiations now in progress.

If in the brief time span to June 1 a new agreement will not be reached, as strongly desired by both parties, the agreement in force since 1948 and denounced by Italy will be considered expired.

In this regrettable event, Alitalia's flights to and from North America and Pan American's and TWA's flights to and from Italy could be suspended or at best regulated by short-term case-by-case agreements, at least until a provisional accord will be reached.

The question being posed in these extremely delicate terms, and in the confidence that the negotiations will at last lead to an agreement in the mutual interest, as it is highly desirable between friends and allies, it will be worthwhile recalling the precedents of this regrettable situation.

The air traffic agreement with the United States, which does not satisfy Italy's aviation interests because it lacked in reciprocity of terms, was affected by the post-armistice period in which it was born. In those sad days, given Italy's conditions and those of her fledgling and resurrecting civil aviation, any condition could have been imposed on us. And indeed the American airlines were allowed to fly to Rome and to other three Italian airports and to let off and take on passengers for any other destination. And when we were able to join the great competition on the prestigious North Atlantic route, we were permitted to operate only to New York and Boston, and in 1962 to Chicago, but not beyond those points.

Despite repeated attempts, Italy has never succeeded in shaking free from those conditions of inferiority, which have now grown anachronistic, and therefore our Government was forced to denounce the agreement, as it was in its right, while at the same time starting diplomatic negotiations.

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Enclosure 2
Rome A-1122

From: IL GIORNO
May 27, 1967

THE AVIATION AGREEMENT WITH THE U.S.A. IS STILL FAR

Rome, May 26

Crucial days, days of fire for the renewal of the Italy-U.S. aviation agreement. It must be reached by June 1; if the two delegations, which have been meeting at the Farnesina for over one month will not reach an agreement, there is a threat of a suspension of air services between Italy and the U.S. Up to this night the negotiation is substantially at a standstill. "We are at the eve of an agreement or a disagreement": this is the thinking of Italian Delegation Chief Ambassador Benedetto Capomazza di Campolattaro. In other words, we are making no progress and at this point anything is possible.

In practice, there is developing the same situation as in the last hectic days of the Kennedy Round: in that case too there was a "fatal date". Just as at Geneva, they say in the Italian Delegation circles, the calendar in the Conference Room at the Farnesina could be stopped on June 1, but obviously it cannot be stopped for many days. No precise calculations can be made: frankly, neither the Americans nor our own people know what will be the outcome--a bare five days from now--of a negotiation which was defined in Washington as "the toughest for the U.S. in the last 20 years".

Obviously nobody wishes an interruption of air services, which would cause evident damage to the airlines. We are at the beginning of the great tourist seasons, and there are tens of thousands of bookings. But the U.S. delegation, headed by Mr. Frank Loy, appears "intransigent"; they want to reach a general agreement, while the Italians would be willing to discuss even a limited treaty. And failing this the United States might commit the "folly" of suspending the flights; a test of strength, in any case, which will be accepted on the Italian side.

The interest in reaching an agreement, however, does not coincide (sic) with the other interests involved. The treaty "denounced" last year by Italy--and this is the first time it happens between the U.S. and third countries--dates back to 1948: it sanctioned a condition of inferiority for Italy, which continued for 20 years. Then it was impossible to do otherwise; but now things have changed. Practically the American airlines enjoy tremendous advantages: they can take on and let off passengers in the Italian airports and fly them "beyond". For the Alitalia liners, instead, it is impossible to fly beyond the Statue of Liberty; our DC 8's can reach only what is regarded the East Coast (sic), the Eastern terminal, i.e. New York, Boston and Chicago.

Rome A-1122

DECLASSIFIED

TRANSLATION
AMERICAN EMBASSY - ROME
TRANSLATION UNIT - GSO
Serial N° 1461
Translated by C.M.TATTI
Date JUNE 5, 1967

From : LA STAMPA independent daily
Turin - May 31, 1967

IN "SERIOUS DIFFICULTIES" THE NEGOTIATIONS FOR THE ITALY-U.S. AVIATION AGREEMENT

Rome, May 30

The negotiations for a new air agreement between Italy and the U.S., replacing the 1948 denounced on May 31, 1966 by Italy's Government, have become stranded today. The official sources speak of "serious difficulties", without referring to an interruption which practically exists.

By midnight tomorrow, on the expiration of one year from the denunciation, a temporary solution will have to be found. Otherwise, there is a theoretical risk that Alitalia and the American airlines may suspend flights between the two countries.

All day and tonight the ~~two~~ chairmen of the two delegations — Ambassador Capomazza for Italy and Deputy Assistant Frank Loy for the U.S. — have been holding close consultations. Efforts are being made to work out a de facto extension which, waiting for the negotiations to be resumed, will allow for a few days the respective use of the New York and Rome stops.

The controversial point in arriving at this temporary solution lies in the U.S. request to continue "beyond" Rome, as envisaged in the denounced agreement. This agreement, executed while Italy was still under the Armistice regime, gave U.S. airliners the right to use the Rome, Milan, Genoa and Naples airports to pick up passengers and freight destined to Africa, Asia, the Near and Far East. The Italian airline, instead, cannot go beyond the New York, Boston and Chicago airports. This limitation prevents Alitalia not only from establishing services to the West Coast, but also from reaching Mexico, several other countries and carrying out the planned round-the-world voyage. #

Enclosure 6
Rome A-1122

DECLASSIFIED

TRANSLATION
AMERICAN EMBASSY - ROME
TRANSLATION UNIT - GSO
Serial N° 1456
Translated by C.M.TATTI
Date JULY 5, 1967

From : IL TEMPO independent (rightist) daily
Rome, May 31, 1967

DIFFICULTIES WITH THE ITALY-U.S. AVIATION AGREEMENT

The plenary meetings of the two delegations charged with drafting the new Italy - U.S. aviation agreement have ended last Monday without any positive result. The two Delegation heads, Ambassador Benedetto Capomazza di Campolattaro and Mr. Frank Loy of the State Department, however, are continuing to have contacts, with a view to seeking a possibility to put off at least till June 7 the deadline (midnight today) by which an agreement should be reached.

According to a litteral interpretation of the applicable rules, if an agreement will not be reached by midnight the air services between Italy and the U.S., operated by the airlines of the two countries (Alitalia, TWA, PAA and Seabord) should be suspended. This, however, has not been decided on and, as we indicated, the two delegation heads are working to find a way to postpone the midnight deadline and to make a further review of the respective positions, which for the time being seem to be irreconcileable. #

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Enclosure 8
Rome A- 1122

FINANCIAL TIMES, May 31, 1967

Time runs out for Italo-American air agreement

BY OUR OWN CORRESPONDENT

ROME, May 30.

WITH ONLY HOURS to go to the cancellation of the Italo-American Civil Aviation Treaty no agreement appears to have been reached, so far at least, between the American and Italian delegations which have been negotiating for several weeks.

On May 31 last year the Italian Government denounced the Italo-American Aviation Treaty of 1948. A year's grace was agreed to for the conclusion of a new treaty. During this year air traffic between Italy and the U.S. was to continue as it stood before Italy's denunciation of the treaty.

What will happen nobody seems quite to know. The possibility of a last minute agreement cannot be entirely ruled out. Were this not to take place, one of the following four possible alternatives will occur: (1) An agreement for a limited extension of the present de facto situation to allow for further negotiations; (2) an agreement for the continuation of flights between Italy and the U.S. by the airlines of both countries which operate them, without any "and beyond" flight for the airlines of either country; (3) the day by day or week by week authorisation of flights between Italy and the U.S.; (4) an interruption of all direct air traffic by both the Italian and American airlines between Italy and the U.S.

Terminals onwards

The Italo-American aviation dispute concerns the right of both Italian and American airlines to operate flights not only between predetermined terminals in the two nations but also from the terminals onwards to other cities and to other nations.

Alitalia is no longer prepared to bow to the restrictions placed on it by the 1948 agreement. The Italian airline wants to operate flights from New York on to the West coast of the U.S. and across the Pacific and also from New York to Mexico City, all attempts to reach a negotiated acceptable solution allowing the American airlines, particularly TWA and pan-American, to continue operating flights from Italy to the Middle and Far East and to Africa and the Italians to fly beyond Boston, New York and Chicago have failed.

An interruption of air services between two nations which are on the closest of friendly relations in all other fields has no precedent: If it were to occur it would come at the time when the peak tourist season is starting. Both the American and the Italian airlines would be seriously damaged. Thousands of bookings would suddenly have to be switched to other airlines which do not operate direct flights between the U.S. and Italy. However, an interruption is thought to be a somewhat extreme measure. A more likely development is that both the American and Italian airlines will be restricted to flights between their respective terminals under a temporary understanding pending further negotiations.

FINANCIAL TIMES May 31, 1967

GIORNO, Jun 1, 1967

UNITA' 6/1/67

Enclosure 9
Page 2
Rome A-1122

TRATTATIVE FALLITE

Niente accordo aereo fra USA e Italia

ROMA, 31 maggio

Le trattative italo-americane per il rinnovo dell'accordo aereo commerciale sono fallite. Le discussioni che si prolungavano da parecchi giorni sono state difatti interrotte questa sera: « Di conseguenza », come precisa un comunicato ufficiale, « ciascun governo è libero secondo le proprie leggi e le proprie politiche aviatorie di decidere se e a quali condizioni i servizi aerei possano essere autorizzati ».

Le due delegazioni hanno espresso comunque la speranza che un accordo possa essere raggiunto nel prossimo futuro. La decadenza dell'accordo (è scaduto alla mezzanotte di oggi) non comporterà, per ora, la paralisi del reciproco traffico aereo. Questo proseguirà basandosi su un regime di concessioni provvisorie.

E' fallito l'accordo aereo fra Italia e USA

Sono fallite ieri sera le trattative fra le delegazioni dei governi italiano e degli Stati Uniti per un nuovo accordo per i servizi di linea tra i due Paesi, in sostituzione di quello attuale che è scaduto alla mezzanotte. Viene quindi a cessare — afferma un comunicato della Farnesina — l'attuale base legale ai rispettivi vettori per operare i servizi aerei fra i due stati. Pertanto ciascun governo è libero secondo la propria legislazione e secondo la propria politica aviatoria, di decidere se e a quali condizioni i servizi aerei possono essere autorizzati. Nel frattempo — conclude il comunicato — non si prevedono effetti immediati sui voli programmati dai vettori italiani e statunitensi. In poche parole, per ora, tutto rimarrà come prima. Ma sino a quando? Il governo italiano, per l'Alitalia, aveva chiesto un miglioramento dell'accordo. E' disposto ad andare fino in fondo per ottenerlo?

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Enclosure 11
Rome A- 1122

TRANSLATION
AMERICAN EMBASSY - ROME
TRANSLATION UNIT - GSC
Serial N° 1458
Translated by C.M.TATTI
Date JUNE 5, 1967

DECLASSIFIED

From : IL TEMPO independent (rightist) daily
June 2, 1967

THE REASONS FOR THE FAILURE TO REACH AN AGREEMENT ON AIR TRAFFIC BETWEEN ITALY AND THE U.S.A.

Last January, at the beginning of the negotiations for the new Italy-U.S. air traffic agreement, the Italian position, based on the attainment of a degree of reciprocity with [the terms] assured by the previous Agreement to the American airlines, boiled down substantially to two requests : (a) concessions to our flag airline of traffic rights from at least one of the present Italian points in the U.S. (New York) towards Mexico City and Los Angeles (or San Francisco), and from the latter point towards the Pacific (Japan and Australia), so as to enable Alitalia to offer a round-the world service ; (b) the well-known "predetermination of capacity", i.e. a regulation of the passenger seats which the Italian and American airlines can periodically offer on the Italy - U.S. routes : this was a request tending in a way to limit the U.S. airlines' crushing superiority over Italy's.

In the course of the difficult negotiations held in rounds in Washington and in Rome, the U.S. Delegation took the very start an intransigent position as regards the "pr tion of capacity", while, having rejected also the request for ns beyond New York, it hinted at a possibility of a "conditional" concession of an extension of Alitalia's services from Montreal to Los Angeles and from L.A. to Tokio, thus enabling our airline to complete the ro of the world service.

As we said, this concession was conditional on a heavy quid-pro-quo on the Italian side, i.e. permission from the U.S. airlines to pick up at our airports passengers and freight for the African and Australian routes. The Italians were unable to accede to this condition.

The State Department delegation did not take into consideration the reasons why the Italians could not agree to the American condition for the only and certainly not major concession (Montreal - Los Angeles - Tokio) vaguely held up before us. Hence, the conclusion of the negotiations without an agreement. No forecast can be made as to the future : the air services between the two countries are continuing

/under .....

Enclosure 12
Rome A.-1122

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TRANSLATION
AMERICAN EMBASSY - ROME
TRANSLATION UNIT - GSO
Serial N° 1459
Translated by C.M.TATTI
Date JUNE 5, 1967

From IL TEMPO independent (rightist) daily
June 1, 1967

ENDANGERED FROM TODAY THE FLIGHTS BETWEEN ITALY AND THE U.S.A.

"Representatives of the Italian Government and representatives of the United States of America have been engaged in negotiations for the conclusion of a new agreement on scheduled airline services between the two countries. This agreement was to replace the existing one, which expires today further to its denunciation by Italy. As it was not possible to reach a new agreement prior to the terminal date, the negotiations have been interrupted. There thus ceases the present legal basis for the respective carriers to operate air services between the two States. Therefore, each Government is free, according to its own legislation and its aviation policy, to decide whether and on what terms air services can be authorised. In the meantime, no immediate effects are expected on the flights scheduled by Italian and U.S. carriers. Both delegations expressed the hope that it will be possible, in the near future, to resume conversations with a view to reaching an agreement satisfactory to both countries".

This is the communique issued last night by the Foreign Ministry's Press Office to announce that it was impossible to reach a new aviation agreement between Italy and the United States. The Communique anticipates that flights will continue regularly, but nothing excludes that the first Alitalia jet arriving today at American airports will be denied permission to land, or that after landing and fueling it will be forced to take off again without unloading freight and passengers. In this case, similar countermeasures would be adopted at once by Italy against TWA, PanAm and Seabord aircraft.

In the case of suspension of Italy-U.S. and U.S.-Italy flights by Italian and U.S. airlines, air links between the two countries will be maintained by the services of other foreign airlines and by connections in foreign airports (Alitalia will limit its flights in North American to Montreal, where passengers can fly on other airlines ; the passengers of U.S. lines bound for Italy can reach by PanAm or TWA Lisbon, Paris, Madrid, London, Frankfurt, Wien, Copenhagen, Brussels, Amsterdam and Nice, and then fly on other lines). #

Enclosure 14
Rome A-1122

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ROME DAILY AMERICAN, June 4, 1967

Italian demands ground air pact with U.S.

CHARLES CABELL

ITALY'S INSISTENCE on an air route through the United States to Mexico in addition to an around the world route with stopping points in Los Angeles and Tokyo have grounded all efforts to draft a new commercial aviation agreement between Italy and the United States.

A disappointed U.S. delegation has already returned to Washington after discussions in Rome proved compietely hopeless.

The original agreement between Washington and Rome was approved in 1948. U.S. commercial carriers had very broad routing possibilities under this accord, while the Italian state-controlled Alitalia had its possibilities pin pointed to a greater extent.

Some U.S. airlines officials admit privately that the bargain was certainly more favorable to the U.S. as it had been practically imposed on the Italians in the immediate post-war years.

But, with the growth of Alitalia, which is now the seventh largest commercial airline in the world, Italian authorities requested revisions in the original agreement and the U.S. agreed to concessions in 1950 and 1960.

Last year, Italy decided these concessions were still too binding on Alitalia's vastly expanding international operation and told the U.S. it had decided to terminate the existing agreement. The accord expired as of midnight May 31.

Neither country wants to terminate direct U.S.-Italy air passenger service—especially Italy, as its state-owned airline handles over half the total number of passenger flying this route and this amounts to 25 per cent of the total number of passengers carried by Alitalia's international operation.

The U.S.-Italy route provides only 4.5 to 5 per cent of the total number of passengers serviced by the two U.S. carriers—Pan American and Trans World.

To continue their existing scheduled flights between the U.S. and Italy all carriers concerned filed applications with the respective governmental aeronautics boards.

Alitalia filed its application with the Civil Aeronautics Board in Washington the afternoon the agreement expired. Normal service will continue until the CAB acts on the application which will not be before fall," a U.S. official said in Rome.

CAB approval

Since the quasi-judicial procedure that exists in the U.S. does

Continued

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TRANSLATION
AMERICAN EMBASSY - ROME
TRANSLATION UNIT - GSO
Serial N° 1464
Translated by C.M.TATTI
Date JUNE 6, 1967

From : AIR PRESS Newsagency Bulletin No. 22/67
(pages 335-336-337)

NEWS PUBLISHED BY "AIR PRESS" LAST MARCH UNFORTUNATELY CONFIRMED

"TEMPORARY PERMITS" FOR ITALY-U.S. FLIGHTS

The spirit of cooperation between the Civil Aviation bodies of the two Countries, in the overall interest of air transport, has prevented the interruption of services and lays new foundations for a future political understanding

ROME (AIR PRESS) - From the midnight of June 1, air services between Italy and the United States are conducted under a "temporary permit" system, due to the failure of the conversations for the negotiation of a new air traffic agreement between the two Nations.

A joint communique, issued on the night of May 31 in Rome and in Washington, in announcing the interruption of the negotiations and the hope that they will be resumed in a near although unspecified future, stated that the flights would continue "under the legislation and aviation policy of the two countries".

The airlines concerned have therefore filed "applications" to maintain the status quo of the flights, with the Civil Aviation authorities concerned (Alitalia to CAB ; PanAm, Seabord and TWA to Italy's Inspectorate General of Civil Aviation). In a political spirit of mutual cooperation, apart from the various divergencies arisen in the course of the interrupted conversations, the Civil Aviation authorities of the two counyries have decided, AIR PRESS reports, to accept and maintain for the time being the status quo by issuing "temporary permits", so as to continue air services in the overall interest of aviation, and to lay new foundations for a future understanding.

(on May 30 afternoor AIR PRESS, in a "special" for the Italian and foreign daily press, reported on the failure of the negotiations and enclosed a background piece on the story of the bilateral agreement, etc.)

In the face of this stiff U.S. position — concludes the AIR PRESS diplomatic correspondent —, of this lack of sensitivity and understanding of acquired rights, of this utter inability to evaluate the efforts made by an aviation resurrected in 20 years, as a faithful mirrorx of Italy's economic recovery, and of requests which meant strangling Italy's vital markets in Africa and Australia, there remained only to end the session with the hope, as the joint communique says, to resume the conversations and reach an agreement satisfactory to both sides.

A Briefing by the U.S. delegation chief

ROME (AIR PRESS) — The chief of the U.S. delegation, Mr. Frank Loy, held on June 1 a briefing for the American press in Rome on the development of the conversations. Mr. Loy, according to what AIR PRESS has learned from the Daily American, expressed his "great disappointment, his infinite perplexity over the position taken by Italy". Loy then estaamated at $ 10 million the access to the Pacific and the Tokio route granted to Alitalia, backing this up with various considerations and interpretations.

AIR PRESS points out that :

a) commercial interpretations and monetary evaluations are subjective ; reality must be analysed in its true essence ;

b) the Los Angeles route to Tokyo is but one direction ; has a dollar and cents estimated been made of the many and different directions which the U.S. have asked of Rome ?

Italy's Diplomatic Silence

ROME (AIR PRESS) — The Head of the Italian Delegation, Ambassador Capomazza di Campolattaro, declined to make any statement to the press. A member of his office said : "There is an official communique and that's enough".

Air Press notes that the Italian Delegation, standing firm on its positions and on their correctness, had no justification to furnish to public opinion.

The Other Nations' Agreements with the U.S.A.

In order to clarify the essence of the aviation relations of other nations with the U.S., AIR PRESS xxxxx quotes the following from its May 30 special for Italian and foreign dailies :

Enclosure 16
ROME A-1122

AMERICAN EMBASSY - ROME
TRANSLATION UNIT - GSO
Serial N° 1465
Translated by C.M.TATTI
Date JUNE 6, 1967

DECLASSIFIED

From : L'UNITA' (Communist Party Daily)

WAR BETWEEN THE AIRLINES OF ITALY AND OF THE U.S.A.

Few people realise that the other night a serious conflict has broken out between the Italian Foreign Ministry and the State Department on an issue of major importance, not only from the economic standpoint, but also for the very relations between the two countries. The issue relates to the rights of the two nations' airlines.

To be true, the "war" had been smoldering for some time under the ashes, even though officially it started on May 31 or last year, when the Italian Government denounced the old agreement which dated back to the postwar period in 1948, when Italy's air fleet consisted of old planes, mostly war surplus.

Under that treaty Alitalia, which is now the seventh largest in the world, can fly only to New York, Boston and Chicago, while PAA and TWA aircraft have traffic rights to Rome, Milan, Turin and Naples, and from points in Italy can fly on, after landing passengers, mail and freight, to any destination. In very simple terms, the U.S. airlines do as they please -- as it was pointed out during the meetings of the two delegations -- while Alitalia cannot even reach Sand Francisco and Los Angeles, the Pacific Coast and Mexico.

In the course of the meetings -- held officially three times, the last a few days before the May 31 expiration date of the old Agreement -- the Americans have said no to all Italian requests. The U.S. representatives did not even agree to hear the question of reciprocity. How do the U.S. treat the other nations ? All or almost all of them better than Italy. Germany has five points and from two of them can fly to the Caribbean and South America ; Great Britain can operate on 17 points and can fly on to Australia, Japan and the Caribbean ; France has routes to New York, Baltimore, Washington, Los Angeles, San Francisco and Chicago, and can fly to Mexico and other Pacific points ; Japan, under the agreement signed last year, can fly around the world via San Francisco and New York.

Last year 275,087 aircraft (193,485 Italian and 81,602 foreign) arrived at and departed from Italian airports. Over 9 million passengers were landed, embarked and in transit, with a 13.4% increase, which benefited largely foreign airlines (16.9% vs. 11.2%).

The new agreement was intended, obviously, to change this situation. But on midnight of May 31 the two delegations have said goodby to each other without signing a protocol. Now there is no aviation agreement between Italy and the U.S. Flights, at least for the time being, have not been suspended but continue under temporary permits issued by the two Governments. For how long ?

c.r.

Enclosure 5
Rome A-1122

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TRANSLATION
AMERICAN EMBASSY - ROME
TRANSLATION UNIT - GSO
Serial N° 1460
Translated by C.M.TATTI
Date JUNE 5, 1967

AV 4 IT-US
6-7-67

From : IL GIORNO independent daily
Milan - May 31, 1967

RMR Dissed

THE ITALY-U.S. "AIR WAR" COMPLETELY STALLED

Rome, May 30

The June 1 deadline is drawing closer, and air services between Italy and the U.S. hang from a thread. The long "strongarm" confrontation between the two delegations seems to have produced no result ; in other words, writes AIR PRESS, the negotiations have practically failed. Now at the Foreign Ministry Italians and Americans are consulting to avert an interruption of services, which would cause chaos in the services between the two countries, plus of course very bad damage to the respective airlines and hardship to travelers.

The solutions could be either an overall temporary arrangement, by extending on paper a few days the expiration of the agreement on midnight, June 1 (as they did at the Kennedy Round, stopping the clock), or by temporary permits to fly between Rome and New York. But these, obviously, are temporary and precarious solutions, which could create dissatisfaction, chiefly on the American side. In other words, the small "air battle" between Italy and the U.S. is far from being over.

The aviation agreement denounced last year by Italy, as it is known, placed the Italian airline at a disadvantage with respect to the American ones. It seems that our delegation has asked for traffic to be extended to four more points, in addition to the present New York, Boston and Chicago : Los Angeles, Dallas, Miami and Atlanta, as stepping stones for future round-the-world links, for Mexico and South America via Panama. The United States, which reportedly have taken a fairly intransigent stand, are said to have offered only Los Angeles, asking in exchange permission for their aircraft to fly from Rome on to other points in Africa, Asia and Australia. Substantially, the U.S. delegation has asked for "the little Italy could still give", but giving very little in return, also because Los Angeles, in their intentions, should be reached by Italy's jets through Montreal and not New York.

The international specialist press has been keeping an eye on the Rome negotiations. A newsagency story says that in no European country are the U.S. airlines flying with so many weekly frequencies as in Italy.#

DECLASSIFIED

Enclosure 1
Rome A.-1122

From: IL G[illegible]NALE D'ITALIA

May 67

ITALY - U.S. AIR TRAFFIC BLOCKAGE THREATENED

We are now very close to the expiration of the air traffic agreement between Italy and the United States, but there is no indication of our being close to a positive conclusion of the difficult negotiations now in progress.

If in the brief time span to June 1 a new agreement will not be reached, as strongly desired by both parties, the agreement in force since 1948 and denounced by Italy will be considered expired.

In this regrettable event, Alitalia's flights to and from North America and Pan American's and TWA's flights to and from Italy could be suspended or at best regulated by short-term case-by-case agreements, at least until a provisional accord will be reached.

The question being posed in these extremely delicate terms, and in the confidence that the negotiations will at last lead to an agreement in the mutual interest, as it is highly desirable between friends and allies, it will be worthwhile recalling the precedents of this regrettable situation.

The air traffic agreement with the United States, which does not satisfy Italy's aviation interests because it lacked in reciprocity of terms, was affected by the post-armistice period in which it was born. In those sad days, given Italy's conditions and those of her fledgling and resurrecting civil aviation, any condition could have been imposed on us. And indeed the American airlines were allowed to fly to Rome and to other three Italian airports and to let off and take on passengers for any other destination. And when we were able to join the great competition on the prestigious North Atlantic route, we were permitted to operate only to New York and Boston, and in 1962 to Chicago, but not beyond those points.

Despite repeated attempts, Italy has never succeeded in shaking free from those conditions of inferiority, which have now grown anachronistic, and therefore our Government was forced to denounce the agreement, as it was in its right, while at the same time starting diplomatic negotiations.

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We are in the last stage of the negotiations, and the secrecy so far maintained and the short time left before the deadline are interpreted as unfavorable omen and an eloquent confirmation of the difficulties to be overcome.

It is evident that if our delegation, headed by Ambassador Benedetto Capomazza di Campolattaro, conscious of our sound right, stands firm on its demand for more favorable and yet equitable conditions for our flag, the American delegation, headed by Mr. Loy, is just as irreducible in seeking to retain the privileged position of the U.S. airlines operating in Italy, and has made no acceptable concession. We are asking for Alitalia's aircraft to be permitted to fly beyond New York, Boston and Chicago and other important points; in particular, to Los Angeles, Miami and Mexico City, and to complete the round-the-world route through the United States. We are in the difficult position, however, of being unable to offer in exchange nothing more than the Americans had originally obtained. Furthermore, the concession for Alitalia to operate on internal routes in the U.S. will clash against vested interests of various and powerful airlines.

On the other hand, the Americans have been operating for 20 years on Rome, the sensitive crossing point of a great bundle of routes from and to all directions. It is evident that our counterpart, in the delicate negotiations, is evaluated in fairly abstract terms: our sound right, the traditional friendship between the Italian and the American people and, in more concrete terms, the alliance between our Governments and the fact that we are, and must be in our own interest, excellent customers of the U.S. aviation industry.

Will these considerations prevail in a negotiation which the other Party has approached in strictly mercantile terms? This is what we shall see very soon: the interests at stake are very extensive and it should not be forgotten, to our satisfaction, that Alitalia is regarded as a competitor to be feared.

In any case, everything induces to hope that if a conclusion will not be reached by May 31 in accordance with our legitimate desires, it will later be possible to reach an agreement for a period of five years, while in the case of an outcome favorable to us, the agreement could last at least twenty years--as it is to be hoped.

Umberto Nannini

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Enclosure 2
Rome A-1122

From: IL GIORNO
May 27, 1967

THE AVIATION AGREEMENT WITH THE U.S.A. IS STILL FAR

Rome, May 26

Crucial days, days of fire for the renewal of the Italy-U.S. aviation agreement. It must be reached by June 1; if the two delegations, which have been meeting at the Farnesina for over one month will not reach an agreement, there is a threat of a suspension of air services between Italy and the U.S. Up to this night the negotiation is substantially at a standstill. "We are at the eve of an agreement or a disagreement": this is the thinking of Italian Delegation Chief Ambassador Benedetto Capomazza di Campolattaro. In other words, we are making no progress and at this point anything is possible.

In practice, there is developing the same situation as in the last hectic days of the Kennedy Round: in that case too there was a "fatal date". Just as at Geneva, they say in the Italian Delegation circles, the calendar in the Conference Room at the Farnesina could be stopped on June 1, but obviously it cannot be stopped for many days. No precise calculations can be made: frankly, neither the Americans nor our own people know what will be the outcome--a bare five days from now--of a negotiation which was defined in Washington as "the toughest for the U.S. in the last 20 years".

Obviously nobody wishes an interruption of air services, which would cause evident damage to the airlines. We are at the beginning of the great tourist seasons, and there are tens of thousands of bookings. But the U.S. delegation, headed by Mr. Frank Loy, appears "intransigent"; they want to reach a general agreement, while the Italians would be willing to discuss even a limited treaty. And failing this the United States might commit the "folly" of suspending the flights; a test of strength, in any case, which will be accepted on the Italian side.

The interest in reaching an agreement, however, does not coincide (sic) with the other interests involved. The treaty "denounced" last year by Italy--and this is the first time it happens between the U.S. and third countries--dates back to 1948: it sanctioned a condition of inferiority for Italy, which continued for 20 years. Then it was impossible to do otherwise; but now things have changed. Practically the American airlines enjoy tremendous advantages: they can take on and let off passengers in the Italian airports and fly them "beyond". For the Alitalia liners, instead, it is impossible to fly beyond the Statue of Liberty; our DC 8's can reach only what is regarded the East Coast (sic), the Eastern terminal, i.e. New York, Boston and Chicago.

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Enclosure 3
Rome A-1122

From: IL CORRIERE DELLA SERA
Milan, May 27, 1967

NEGOTIATIONS ON US-ITALY AVIATION AGREEMENT DEADLOCKED

Rome, May 26

On May 31 there will expire the aviation agreement between Italy and the U.S.A., under which Italian flights reach the American territory and American flights the Italian airports. The Agreement, which dates back to 1948, was denounced by Italy on June 1 of last year. Some time later new negotiations were started; however, five days before the expiration of the Agreement, they are making no progress. It seems that there is not even the beginning of an understanding.

In this connection, the Foreign Ministry maintains the closest secrecy: the head of the Italian Delegation, Ambassador Capomazza di Campolattaro has confined himself to confirming to us (in a brief meeting) that everything is still "far out at sea". Although May 31 is only a few days away, he said, "I am not yet in a position to say whether we will reach an agreement."

The consequence, if even a general agreement were not reached, is obvious. In the very near future (if not from June 1, certainly during that month), the Italian airline and the American airlines should suspend the respective services on the routes between the two countries; a fact of extreme seriousness, not only from the economic viewpoint.

Under the 1948 agreement, when practically there was no Italian civil aviation, Italy contented herself with reaching New York; the United States instead demanded flights into Italy and "beyond". In simpler words, this formula means: our lines were to be limited to flying to New York, while the American ones, after touching Rome (or Naples, or Milan), could fly on to any destination, taking on and letting off passengers. Only later was Alitalia permitted to fly on from New York to Boston and Chicago.

The U.S. delegation realizes that it must make some concessions; the Italian delegation stands firm on the principle of full and complete reciprocity. Hence the resistance. We asked Ambassador Capomazza: "And what if the other party were to reject your conditions?" He answered: "We would accept the act of force of suspending all traffic. We want to make a better agreement."

R.M.

Enclosure 4
Rome A-1122

DECLASSIFIED

TRANSLATION
AMERICAN EMBASSY - ROME
TRANSLATION UNIT - GSO
Serial N° 1461
Translated by C.M.TATTI
Date JUNE 5, 1967

From : LA STAMPA independent daily
Turin - May 31, 1967

IN "SERIOUS DIFFICULTIES" THE NEGOTIATIONS FOR THE ITALY-U.S. AVIATION AGREEMENT

Rome, May 30

The negotiations for a new air agreement between Italy and the U.S., replacing the 1948 denounced on May 31, 1966 by Italy's Government, have become stranded today. The official sources speak of "serious difficulties", without referring to an interruption which practically exists.

By midnight tomorrow, on the expiration of one year from the denunciation, a temporary solution will have to be found. Otherwise, there is a theoretical risk that Alitalia and the American airlines may suspend flights between the two countries.

All day and tonight the ~~two~~ chairmen of the two delegations -- Ambassador Capomazza for Italy and Deputy Assistant Frank Loy for the U.S. -- have been holding close consultations. Efforts are being made to work out a de facto extension which, waiting for the negotiations to be resumed, will allow for a few days the respective use of the New York and Rome stops.

The controversial point in arriving at this temporary solution lies in the U.S. request to continue "beyond" Rome, as envisaged in the denounced agreement. This agreement, executed while Italy was still under the Armistice regime, gave U.S. airliners the right to use the Rome, Milan, Genoa and Naples airports to pick up passengers and freight destined to Africa, Asia, the Near and Far East. The Italian airline, instead, cannot go beyond the New York, Boston and Chicago airports. This limitation prevents Alitalia not only from establishing services to the West Coast, but also from reaching Mexico, several other countries and carrying out the planned round-the-world voyage. #

Enclosure 6
Rome A-1122

DECLASSIFIED

TRANSLATION
AMERICAN EMBASSY - ROME
TRANSLATION UNIT - GSO
Serial N° 1456
Translated by C.M.TATTI
Date JULY 5, 1967

From : IL TEMPO independent (rightist) daily
Rome, May 31, 1967

DIFFICULTIES WITH THE ITALY-U.S. AVIATION AGREEMENT

The plenary meetings of the two delegations charged with drafting the new Italy - U.S. aviation agreement have ended last Monday without any positive result. The two Delegation heads, Ambassador Benedetto Capomazza di Campolattaro and Mr. Frank Loy of the State Department, however, are continuing to have contacts, with a view to seeking a possibility to put off at least till June 7 the deadline (midnight today) by which an agreement should be reached.

According to a litteral interpretation of the applicable rules, if an agreement will not be reached by midnight the air services between Italy and the U.S., operated by the airlines of the two countries (Alitalia, TWA, PAA and Seabord) should be suspended. This, however, has not been decided on and, as we indicated, the two delegation heads are working to find a way to postpone the midnight deadline and to make a further review of the respective positions, which for the time being seem to be irreconcileable. #

Enclosure 7
Rome A-1122

TRANSLATION

AMERICAN EMBASSY - ROME
TRANSLATION UNIT - GSO
Serial N° 1455
Translated by C.M.TATTI
Date JUNE 5, 1967

DECLASSIFIED

From : L'UNITA' (Communist Party Daily)
Rome - May 31, 1967

ITALY - U.S. FLIGHTS SUSPENDED ?

Will scheduled airline flights between Italy and the U.S. be suspended from June 1 ? Will the long "silent war" between Alitalia and the mighty U.S. airlines explode with these consequences ? In the Capital's aviation circles it is believed that the Italian Government is hardly likely to get into an act of rebellion against the U.S.

At the end of this month the Agreement terminated one year ago by the Italians will expire. The conversations subsequently started between the two Governments' delegations, first in Rome, then in Washington, then again in the Italian capital, have failed. The U.S. side has no intention to accede in any way to the Italian requests. According to the latter, based on a reciprocity principle, the Italian flag airline, Alitalia, should be granted other points on the American territory, as well as the "fifth freedom", i.e. permission to take on passengers in the U.S. and fly them to other nations and vice versa -- just as it happens in the case of the American airlines flying to and from Italy.

But these requests are opposed by the U.S. -- or, better, by the U.S. airlines, which see in Alitalia a competitors (the Italian fleet is the world's seventh largest). It should be recalled that the old agreement dates back to 1948, in the [early] postwar period.

These are the terms of the dispute. If by June first a new agreement will not have been reached, the scheduled flights between the two countries should be suspended. At present, according to AIR PRESS, consultations are taking place between the Foreign Ministry and the U.S. to avoid an interruption of air services, which would cause major damages and hardships. According to the same Agency, the solutions considered are to extend by a few days the expired agreement, or .....

[clipping ends here]

Enclosure 8
Rome A- 1122

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FINANCIAL TIMES, May 31, 1967

Time runs out for Italo-American air agreement

BY OUR OWN CORRESPONDENT

ROME, May 30.

WITH ONLY HOURS to go to the cancellation of the Italo-American Civil Aviation Treaty no agreement appears to have been reached, so far at least, between the American and Italian delegations which have been negotiating for several weeks.

On May 31 last year the Italian Government denounced the Italo-American Aviation Treaty of 1948. A year's grace was agreed to for the conclusion of a new treaty. During this year air traffic between Italy and the U.S. was to continue as it stood before Italy's denunciation of the treaty.

What will happen nobody seems quite to know. The possibility of a last minute agreement cannot be entirely ruled out. Were this not to take place, one of the following four possible alternatives will occur: (1) An agreement for a limited extension of the present de facto situation to allow for further negotiations; (2) an agreement for the continuation of flights between Italy and the U.S. by the airlines of both countries which operate them without any "and beyond" flight for the airlines of either country; (3) the day by day or week by week authorisation of flights between Italy and the U.S.; (4) an interruption of all direct air traffic by both the Italian and American airlines between Italy and the U.S.

Terminals onwards

The Italo-American aviation dispute concerns the right of both Italian and American airlines to operate flights not only between pre-determined terminals in the two nations but also from the terminals onwards to other cities and to other nations.

Alitalia is no longer prepared to bow to the restrictions placed on it by the 1948 agreement. The Italian airline wants to operate flights from New York on to the West coast of the U.S. and across the Pacific and also from New York to Mexico City, all attempts to reach a negotiated acceptable solution allowing the American airlines, particularly TWA and Pan-American, to continue operating flights from Italy to the Middle and Far East and to Africa and the Italians to fly beyond Boston, New York and Chicago have failed.

An interruption of air services between two nations which are on the closest of friendly relations in all other fields has no precedent. If it were to occur it would come at the time when the peak tourist season is starting. Both the American and the Italian airlines would be seriously damaged. Thousands of bookings would suddenly have to be switched to other airlines which do not operate direct flights between the U.S. and Italy. However, an interruption is thought to be a somewhat extreme measure. A more likely development is that both the American and Italian airlines will be restricted to flights between their respective terminals under a temporary understanding pending further negotiations.

FINANCIAL TIMES May 31, 1967

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Enclosure 9
Rome A- 1122

GLOBO Jun 1, 1967

Interrotte le trattative per i servizi aerei Italia-Usa

Rappresentanti del governo italiano e del governo degli Stati Uniti d'America sono stati impegnati in negoziati per concludere un nuovo accordo per i servizi aerei di linea fra i due paesi. Tale accordo avrebbe dovuto sostituire quello attuale, che scade il 31 maggio 1967 a seguito della sua denuncia da parte dell'Italia. Non essendo stato possibile raggiungere un nuovo accordo prima della prevista scadenza, le trattative — informa il ministero degli Esteri — sono state interrotte. Viene a cessare quindi l'attuale base legale ai rispettivi vettori per operare servizi aerei fra i due Stati. Pertanto ciascun governo è libero secondo la propria legislazione e la propria politica aviatoria, di decidere se e a quali condizioni i servizi aerei possano essere autorizzati. Nel frattempo non si prevedono effetti immediati sui voli programmati dai vettori italiani e statunitensi. Ambedue le delegazioni hanno espresso la speranza che sia possibile, nel prossimo futuro, di riprendere le conversazioni al fine di raggiungere un accordo soddisfacente per entrambi i paesi.

STAMPA, Jun 1, 1967

Non mutano i voli fra Italia e America

Roma, 31 maggio.

Dopo cinque mesi sono fallite le trattative italo-statunitensi in corso a Roma per il rinnovo dell'accordo aereo scaduto oggi.

Tuttavia i voli transoceanici fra i due Paesi non saranno sospesi, almeno per ora. Il comunicato spiega che «la cessazione di questo accordo ha rimosso l'attuale base legale per i servizi aerei fra l'Italia e gli Stati Uniti da parte dei rispettivi vettori. In conseguenza, ciascun governo è libero, secondo le proprie leggi e la propria politica aviatoria, di decidere se e a quali condizioni i servizi aerei possano essere autorizzati».

Fonti competenti assicurano che i voli proseguiranno normalmente basandosi su un regime di concessioni provvisorie. In altri termini la compagnia di bandiera italiana chiederà al governo statunitense l'autorizzazione per i propri voli e altrettanto faranno le compagnie americane per fare scalo negli aeroporti italiani.

SOLE/24 ORE Jun 1, 1967

Per l'accordo aereo Italia-USA superato il punto morto?

Roma, 31 maggio

Le trattative per il rinnovo dell'accordo aereo tra l'Italia e gli Stati Uniti sono giunte alla «stretta finale». Informa l'ADN Kronos che, rispetto alle previsioni di rottura che venivano formulate ieri, il punto morto del negoziato sembra superato e le trattative avviate verso una conclusione positiva. Questa è l'opinione espressa stamane negli ambienti vicini alla delegazione italiana, che da vari giorni sta discutendo con la rappresentanza degli Stati Uniti le nuove basi del trattato, firmato nel 1948 e che scade alla mezzanotte di oggi.

L'Italia, nel denunciare lo scorso anno il trattato ha richiesto che l'ampia libertà di scalo e di volo concessa nel nostro Paese alle compagnie aeree americane, sia riconosciuta sulla base del principio di reciprocità anche alla nostra compagnia di bandiera, che invece ora deve limitare i propri voli a New York, Boston e Chicago.

Con tutta probabilità, le basi di un accordo potranno essere trovate con un compromesso che vada incontro alle esigenze italiane per quanto concerne specialmente il numero dei voli e le possibilità di scalo sulla costa orientale degli Stati Uniti, finora completamente preclusa agli aerei della nostra compagnia di bandiera.

CORRIERE

Scaduto l'accordo aereo fra Italia e Stati Uniti

Roma 31 maggio notte.

Le delegazioni italiana e statunitense, che hanno condotto le trattative per il rinnovo dell'accordo aereo tra i due paesi, scaduto oggi a mezzanotte, hanno emesso un comunicato congiunto in base al quale ciascun governo è reso libero di agire secondo «le proprie leggi e le proprie politiche aviatorie». Fonti attendibili dichiarano che, in seguito al fallimento delle trattative per il rinnovo dell'accordo, i voli delle compagnie interessate continueranno, tuttavia, in base a un regime di convenzioni provvisorie.

I rappresentanti del governo italiano e degli Stati Uniti, afferma il comunicato, si sono impegnati in consultazioni per negoziare un nuovo accordo che governi gli orari commerciali dei servizi aerei dei due paesi.

GIORNO, Jun 1, 1967

UNITA' 6/1/67

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Page 2
Rome A-1122

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TRATTATIVE FALLITE

Niente accordo aereo fra USA e Italia

ROMA, 31 maggio

Le trattative italo-americane per il rinnovo dell'accordo aereo commerciale sono fallite. Le discussioni che si prolungavano da parecchi giorni sono state difatti interrotte questa sera: « Di conseguenza », come precisa un comunicato ufficiale, « ciascun governo è libero secondo le proprie leggi e le proprie politiche aviatorie di decidere se e a quali condizioni i servizi aerei possano essere autorizzati ».

Le due delegazioni hanno espresso comunque la speranza che un accordo possa essere raggiunto nel prossimo futuro. La decadenza dell'accordo (è scaduto alla mezzanotte di oggi) non comporterà, per ora, la paralisi del reciproco traffico aereo. Questo proseguirà basandosi sulle precise concessioni pro[illegible]

E' fallito l'accordo aereo fra Italia e USA

Sono *fallite ieri* sera le trattative fra le delegazioni dei governi italiano e degli Stati Uniti per un nuovo accordo per i servizi di linea tra i due Paesi, in sostituzione di quello attuale che è scaduto alla mezzanotte. Viene quindi a cessare — afferma un comunicato della Farnesina — l'attuale base legale ai rispettivi vettori per operare i servizi aerei fra i due stati. Pertanto ciascun governo è libero secondo la propria legislazione e secondo la propria politica aviatoria, di decidere se e a quali condizioni i servizi aerei possono essere autorizzati. Nel frattempo — conclude il comunicato — non si prevedono *effetti immediati* sui voli programmati dai vettori italiani e statunitensi. In poche parole, per ora, tutto rimarrà come prima. Ma sino a quando? Il governo italiano, per l'Alitalia, aveva chiesto un miglioramento dell'accordo. E' disposto ad andare **fino** in fondo per ottenerlo?

Enclosure 10
Rome A- 1122

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TRANSLATION
AMERICAN EMBASSY - ROME
TRANSLATION UNIT - GSO
Serial N° 1457
Translated by C.M.TATTI
Date JUNE 5, 1967

From IL GIORNO, June 2, 1967

OPTIMISM ON THE ITALY-U.S. AIR AGREEMENT - FLIGHTS REGULAR, PERHAPS A SOLUTION SOON

Rome, June 1

Flights between Italy and the U.S. are proceeding regularly. The negotiations for the new air agreement have been "formally" closed since yesterday ; therefore, the two countries no longer ~~formally~~ have an agreement regulating the flights. However, Alitalia on one side and PanAm and TWA on the other can still send off their jets under temporary permits, renewable from time to time. The final communique issued last night at the end of the very laborious discussions said "Flights will not be immediately affected".

On neither this nor the far side of the Atlantic it is desired to have an actual interruption of the flights : the "great season" is near, Italy is the largest tourist "outlet" for Americans, and hundreds of thousands of passengers fly on the aircraft of the airlines concerned.

The flights are continuing, substantially, on the basis of the agreement "denounced" by Italy, which demands a more "equitable" treatment for its national airline. In practice, both frequencies and capacity are under the status quo.

The dialogue, even though "formally" closed, does not seem to have been interrupted. It is known for certain that unofficial contacts towards a new agreement are continuing, and it seems that, evrything considered, this should not take too much time. The proof is that U.S. Delegation Head Frank Loy and other mission members are still in Rome and, at least for the time being, do not seem to be planning to go back to Washington.

The issue, because of its delicate nature, has been taken up at the highest political and government levels. To put it briefly, the atmosphere seems to be one of cautious optimism ; also because the long deadlock between the two delegations obviously cannot last much longer. #

Enclosure II
Rome A- 1122

TRANSLATION
AMERICAN EMBASSY - ROME
TRANSLATION UNIT - GSO
Serial N° 1458
Translated by C.M.TATTI
Date JUNE 5, 1967

DECLASSIFIED

From : IL TEMPO independent (rightist) daily
June 2, 1967

THE REASONS FOR THE FAILURE TO REACH AN AGREEMENT ON AIR TRAFFIC BETWEEN ITALY AND THE U.S.A.

Last January, at the beginning of the negotiations for the new Italy-U.S. air traffic agreement, the Italian position, based on the attainment of a degree of reciprocity with [the terms] assured by the previous Agreement to the American airlines, boiled down substantially to two requests : (a) concessions to our flag airline of traffic rights from at least one of the present Italian points in the U.S. (New York) towards Mexico City and Los Angeles (or San ancisco), and from the latter point towards the Pacific (Japan and Australia), so as to enable Alitalia to offer a round-the world service ; (b) the well-known "predetermination of capacity", i.e. a regulation of the passenger seats which the Italian and American airlines can periodically offer on the Italy - U.S. routes : this was a request tending in a way to limit the U.S. airlines' crushing superiority over Italy's.

In the course of the difficult negotiations held in three rounds in Washington and in Rome, the U.S. Delegation took from the very start an intransigent position as regards the "predetermination of capacity", while, having rejected also the request for extensions beyond New York, it hinted at a possibility of a "conditional" concession of an extension of Alitalia's services from Montreal to Los Angeles and from L.A. to Tokio, thus enabling our airline to complete the round the world service.

As we said, this concession was conditional on a heavy quid-pro-quo on the Italian side, i.e. permission from the U.S. airlines to pick up at our airports passengers and freight for the African and Australian routes. The Italians were unable to accede to this condition.

The State Department delegation did not take into consideration the reasons why the Italians could not e to the American condition for the only and certainly not ma[illegible] sion (Montreal - Los Angeles - Tokio) vaguely held up b[illegible]e us. Hence, the conclusion of the negotiations without an agreement. No forecast can be made as to the future : the air services between the two countries are continuing

/under .....

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under "temporary permits" as before (under the agreement denounced by Italy one year ago), while another series of negotiations will be started. We cannot rule out the possibility that, in the meantime, all new Italian purchases of commercial aircraft in the U.S. be formally suspended. #

G. D'Av[anzo]

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Rome A.-1122

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TRANSLATION
AMERICAN EMBASSY - ROME
TRANSLATION UNIT - GSO
Serial N° 1459
Translated by C.M.TATTI
Date JUNE 5, 1967

From IL TEMPO independent (rightist) daily
June 1, 1967

ENDANGERED FROM TODAY THE FLIGHTS BETWEEN ITALY AND THE U.S.A.

"Representatives of the Italian Government and representatives of the United States of America have been engaged in negotiations for the conclusion of a new agreement on scheduled airline services between the two countries. This agreement was to replace the existing one, which expires today further to its denunciation by Italy. As it was not possible to reach a new agreement prior to the terminal date, the negotiations have been interrupted. There thus ceases the present legal basis for the respective carriers to operate air services between the two States. Therefore, each Government is free, according to its own legislation and its aviation policy, to decide whether and on what terms air services can be authorised. In the meantime, no immediate effects are expected on the flights scheduled by Italian and U.S. carriers. Both delegations expressed the hope that it will be possible, in the near future, to resume conversations with a view to reaching an agreement satisfactory to both countries".

This is the communique issued last night by the Foreign Ministry's Press Office to announce that it was impossible to reach a new aviation agreement between Italy and the United States. The communique anticipates that flights will continue regularly, but nothing excludes that the first Alitalia jet arriving today at American airports will be denied permission to land, or that after landing and fueling it will be forced to take off again without unloading freight and passengers. In this case, similar countermeasures would be adopted at once by Italy against TWA, PanAm and Seabord aircraft.

In the case of suspension of Italy-U.S. and U.S.-Italy flights by Italian and U.S. airlines, air links between the two countries will be maintained by the services of other foreign airlines and by connections in foreign airports (Alitalia will limit its flights in North American to Montreal, where passengers can fly on other airlines ; the passengers of U.S. lines bound for Italy can reach by PanAm or TWA Lisbon, Paris, Madrid, London, Frankfurt, Wien, Copenhagen, Brussels, Amsterdam and Nice, and then fly on other lines). #

Enclosure 13
Rome A-1122

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ROME DAILY AMERICAN,

June 2, 1967

U.S.-Italy air pact ends; service continues

By CHARLES CABELL, *Staff Reporter*

ROME — Last ditch efforts to renew the bi-lateral commercial aviation agreement between Italy and the United States failed even though the U.S. delegation offered a package heavily weighted in Italy's favor. The agreement expired at midnight Wednesday.

Though there is now no legal basis for air service between Italy and the U.S., "no immediate effects on scheduled flights of Italian and U.S. carriers are foreseen at present," stated a joint communique made public here Thursday by representatives of the two governments.

U.S. officials expressed "great disappointment" and said they were "greatly perplexed by the Italian position."

The expired accord originated in 1948 and was revised in 1950 and 1960 at the request of the Italian government. One year ago, Italy gave notice of its intent to terminate the pact.

With a new agreement the Italians sought to increase their landing points in the U.S. (now limited to New York, Boston and Chicago as opposed to the two U.S. carrier points in Italy of Milan and Rome), obtain rights to fly from the U.S. to Mexico City and cash in on the lucrative Pacific traffic with an around-the-world route which include a Montreal-Los Angeles-Tokyo link.

The U.S. sought essentially the same rights it had under the old agreement, though the Italians wanted to make the landing points more specific. The U.S. also sought to add south and east Africa points on its routes to and from Italy.

The U.S. was willing to give Italy access to the Pacific through Los Angeles but stood stern when the Italians insisted on being able to fly through the U.S. to Mexico.

"The agreement is essentially commercial," U.S. authorities said Thursday, "and by gaining access to the Pacific route from Los Angeles, Alitalia would have obtained an anticipated $9-10 million gross revenue advantage over what U.S. carriers would have received in turn.

"The Italians acknowledged this point, but persisted in holding out for the Mexico route and that's where the negotiations remained deadlocked." We couldn't afford to let them cash in on still another market where they made no major contribution to the number of commercial passengers and receive nothing in return," the official added.

Alitalia filed an application Wednesday with the Civil Aeronautics Board in Washington which automatically extended its rights under the old agreement until the CAB acts on the application.

Pan American, Trans World Airlines and the commercial freight carrier Seaboard filed similar applications with the Italian government.

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Enclosure 14
Rome A-1122

ROME DAILY AMERICAN, June 4, 1967

Italian demands ground air pact with U.S.

CHARLES CABELL

ITALY'S INSISTENCE on an air route through the United States to Mexico in addition to an around the world route with stopping points in Los Angeles and Tokyo have grounded all efforts to draft a new commercial aviation agreement between Italy and the United States.

A disappointed U.S. delegation has already returned to Washington after discussions in Rome proved completely hopeless.

The original agreement between Washington and Rome was approved in 1948. U.S. commercial carriers had very broad routing possibilities under this accord, while the Italian state-controlled Alitalia had its possibilities pin-pointed to a greater extent.

Some U.S. airlines officials admit privately that the bargain was certainly more favorable to the U.S. as it had been practically imposed on the Italians in the immediate post-war years.

But, with the growth of Alitalia, which is now the seventh largest commercial airline in the world, Italian authorities requested revisions in the original agreement and the U.S. agreed to concessions in 1950 and 1960.

Last year, Italy decided these concessions were still too binding on Alitalia's vastly expanding international operation and told the U.S. it had decided to terminate the existing agreement. The accord expired as of midnight May 31.

Neither country wants to terminate direct U.S.-Italy air passenger service—especially Italy, as its state-owned airline handles over half the total number of passenger flying this route and this amounts to 25 per cent of the total number of passengers carried by Alitalia's international operation.

The U.S.-Italy route provides only 4.5 to 5 per cent of the total number of passengers serviced by the two U.S. carriers—Pan American and Trans World.

To continue their existing scheduled flights between the U.S. and Italy all carriers concerned filed applications with the respective governmental aeronautics boards.

Alitalia filed its application with the Civil Aeronautics Board in Washington the afternoon the agreement expired. Normal service will continue until the CAB acts on the application which "will not be before fall," a U.S. official said in Rome.

CAB approval

Since the quasi-judicial procedure that exists in the U.S. does

Continued

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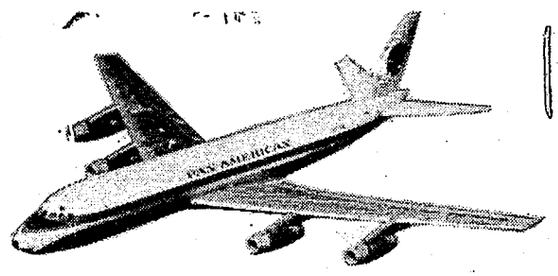
THE ROME DAILY AMERICAN, June 4, 1967

REPORTS ON ROME NEGOTIATIONS——



not follow in Italy, it is generally believed that no Italian action on the Pan Am, TWA and cargo carrying Seaboard applications will be forthcoming until the CAB's decision is made public.

This will also give tourist-conscious Italy the entire summer to cash in on the heaviest flow of passengers between the two countries before the threat of a discontinuation of service.

The U.S. feels failure of negotiations "was a hard political pill to swallow between two countries which are now extremely close."

American authorities, however, insist on having a written accord and the current limbo will not be allowed to continue indefinitely.

Not satisfied

How firm the Italians will remain on their two requests is the big question mark. U.S. authorities said negotiations initiated by outlining prospective routes and they never got beyond this phase.

U.S. officials have said that the new agreement proposed during the recent Rome talks was definitely more binding on American carriers than the old accord.

This was obviously done in hopes of modifying Italian requests. And since the U.S. felt the Italians were more eager to obtain the Pacific route than the Mexico City route, the former was conceded to Alitalia in a final effort to close negotiations.

But, this failed to satisfy the Italian delegation.

The Pacific route from the U.S. to Japan has been described as the most lucrative in commercial passenger service—98 per cent more so than the much traveled North Atlantic route.

The U.S. based its arguments on contributions of each country to the total amount of flying passengers. It felt the granting of Los Angeles as a stopping-off point from Montreal to Tokyo on the around the world flight was more than generous since the number of Italians using the Pacific route amounts to less than one half of one per cent.

"The Italian delegation agreed to every fact and figure the U.S. presented," an American official stated. "The Italians wholly supported our argument as to why it was felt the Pacific route was a generous offer, but they still insisted on the Mexico City route if a new agreement was to be reached. The U.S. delegation was quite perplexed."

Now it boils down to how patient "Uncle" will be with a demanding ally accustomed to waiting and receiving.

The U.S. carriers have already questioned Washington on its readiness to concede the Pacific route. They are well aware that the gross revenues Alitalia will obtain from the Los Angeles to Tokyo route are $9-10 million more than their combined gross revenues from all nine destinations their U.S. originated flights reach after touching down in Rome.

Besides the usual "horse trading" involved, there is also a concern over the precedence that will be established.

"There are now only four airlines flying the Pacific route to the United States (Pan Am, BOAC, JAL and Qantas) and we are willing to let Alitalia in the circle," a U.S. authority said, "but with this concession, we certainly don't intend to put them in business between the United States and Mexico."

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TRANSLATION
AMERICAN EMBASSY - ROME
TRANSLATION UNIT - GSO
Serial N° 1464
Translated by C.M.TATTI
Date JUNE 6, 1967

From : AIR PRESS Newsagency Bulletin No. 22/67
(pages 335-336-337)

NEWS PUBLISHED BY "AIR PRESS" LAST MARCH UNFORTUNATELY CONFIRMED

"TEMPORARY PERMITS" FOR ITALY-U.S. FLIGHTS

The spirit of cooperation between the Civil Aviation bodies of the two Countries, in the overall interest of air transport, has prevented the interruption of services and lays new foundations for a future political understanding

ROME (AIR PRESS) - From the midnight of June 1, air services between Italy and the United States are conducted under a "temporary permit" system, due to the failure of the conversations for the negotiation of a new air traffic agreement between the two Nations.

A joint communique, issued on the night of May 31 in Rome and in Washington, in announcing the interruption of the negotiations and the hope that they will be resumed in a near although unspecified future, stated that the flights would continue "under the legislation and aviation policy of the two countries".

The airlines concerned have therefore filed "applications" to maintain the status quo of the flights, with the Civil Aviation authorities concerned (Alitalia to CAB ; PanAm, Seabord and TWA to Italy's Inspectorate General of Civil Aviation). In a political spirit of mutual cooperation, apart from the various divergencies arisen in the course of the interrupted conversations, the Civil Aviation authorities of the two counyries have decided, AIR PRESS reports, to accept and maintain for the time being the status quo by issuing "temporary permits", so as to continue air services in the overall interest of aviation, and to lay new foundations for a future understanding.

(on May 30 afternoor AIR PRESS, in a "special" for the Italian and foreign daily press, reported on the failure of the negotiations and enclosed a background piece on the story of the bilateral agreement, etc.)

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The bitter truth, which last March was resented, could not change

Last March the diplomatic correspondent of AIR PRESS was, unfortunately, a good prophet. [His] accurate information, based on a study of the three weeks of conversations in Washington (aborted, as it is known) had then suggested bitter considerations and known conclusions, which many resented. The truth is not always well accepted. But since it is "truth", it cannot change.

The AIR PRESS diplomatic correspondent then wrote, apropos of the conversations : "There has emerged the will of the U.S. to obtain all possible traffic rights through 'points in Italy', with a firm denial of Italy's possibility to fly "beyond New York": all requests by the Italian delegation were rejected without a chance for discussion". Logical conclusion : "since June 1 aviation relations between Italy and the U.S. are regulated by temporary permits".

A Summary of Positions

When it denounced the 1948 air traffic agreement -- writes the AIR PRESS diplomatic correspondent -- Italy meant to negotiate a new bilateral treaty based on a principle of reciprocity, i.e. to obtain rights "beyond" the U.S. which would compensate, at least to a considerable degree, for all rights "beyond" Italy enjoyed by U.S. airlines in our country.

Italy appeared at the negotiating table claiming, first of all, a principle regarded as vital for the defence of her aviation interests : the predetermination of load capacities and flight frequencies, in order to avoid being crushed by an overwhelming aviation power.

The "schedule of routes" presented by Italy called for "points" in the U.S. (New York, Boston, Chicago, Los Angeles, Dallas, Atlanta) and "points beyond" the U.S.A. : Japan, Mexico and Central-South America.

The United States immediately let it be known that they would have negotiated only and exclusively on the general basis of their "Bermuda Convention", the Magna Charta of their whole aviation policy. Faced with this absolute condition, Italy swallowed a first very bitter pill ; the delegates were supported by the Italian courage in dealing with difficult ventures. The Italian requests for "points beyond" the U.S.A. was rejected out of hand. At last the U.S. agreed on Los Angeles, but to be reached from Montreal (and not from Tokio as requested), and approved flying beyond L.A. and on to Tokyo, thus permitting the "round the world" route. But at what terms ? Granting to the U.S., in addition to all points "beyond" Italy already enjoyed under the previous Treaty, new points : towards Africa and Australia. Was'nt Italy always the "aircraft carrier in the Mediterranean" ? On the other hand, Italy was not permitted to fly to Dallas, Atlanta and on to Mexico, Central and South America.

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In the face of this stiff U.S. position — concludes the AIR PRESS diplomatic correspondent —, of this lack of sensitivity and understanding of acquired rights, of this utter inability to evaluate the efforts made by an aviation resurrected in 20 years, as a faithful mirror of Italy's economic recovery, and of requests which meant strangling Italy's vital markets in Africa and Australia, there remained only to end the session with the hope, as the joint communique says, to resume the conversations and reach an agreement satisfactory to both sides.

A Briefing by the U.S. delegation chief

ROME (AIR PRESS) — The chief of the U.S. delegation, Mr. Frank Loy, held on June 1 a briefing for the American press in Rome on the development of the conversations. Mr. Loy, according to what AIR PRESS has learned from the Daily American, expressed his "great disappointment, his infinite perplexity over the position taken by Italy". Loy then estaimated at $ 10 million the access to the Pacific and the Tokio route granted to Alitalia, backing this up with various considerations and interpretations.

AIR PRESS points out that :

a) commercial interpretations and monetary evaluations are subjective ; reality must be analysed in its true essence ;

b) the Los Angeles route to Tokyo is but one direction ; has a dollar and cents estimated been made of the many and different directions which the U.S. have asked of Rome ?

Italy's Diplomatic Silence

ROME (AIR PRESS) — The Head of the Italian Delegation, Ambassador Capomazza di Campolattaro, declined to make any statement to the press. A member of his office said : "There is an official communique and that's enough".

Air Press notes that the Italian Delegation, standing firm on its positions and on their correctness, had no justification to furnish to public opinion.

The Other Nations' Agreements with the U.S.A.

In order to clarify the essence of the aviation relations of other nations with the U.S., AIR PRESS quotes the following from its May 30 special for Italian and foreign dailies :

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Italy is one of the few European countries which has attained a very high level in civil aviation (Alitalia ranks seventh among over 150 of the world's airlines) [and yet] it can fly only to New York, Boston and Chicago. The Scandinavian countries fly to both the East and the West Coast. West Germany has the right to fly to New York, Boston, Philadelphia and from these points to the Caribbean and South Africa ; to fly to Chicago, San Francisco and Los Angeles. Practically, therefore, Germany has four "points" in the U.S. and from three points it can also fly on to the Caribbean and South America.

Great Britain has the right to operate in 17 points within the U.S. and from New York it can fly to the West Coast and on to Japan, Australia and other places in the Pacific towards the Caribbean. France has obtained a number of routes enabling it to fly to New York, Baltimore and Washington ; to fly directly to Los Angeles and San Francisco ; to fly to Anchorage through intermediate points and to fly to Martinique, Guadeloupe, Puerto Rico, Santo Domingo, New Caledonia, Tahiti and Honolulu.
Japan, under the agreement signed last year, can fly round the world, via San Francisco and New York. From New York Japan can fly to any place in Europe ; from San Francisco it can fly to Mexico and Central America.

Finally, AIR PRESS observes, in no country of Europe, aparte West Germany where there are American troops, do U.S. airlines fly with so many weekly frequencies as in Italy. True, Italy is a "tourist country", but since the agreement is bilateral, Italy must be accorded a "reciprocity" so far ignored. This is why they say that New York Airport is the unsurmountable "Pillars of Hercules" for the jets flying the Italian flag.#

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AMERICAN EMBASSY - ROME
TRANSLATION UNIT - GSO
Serial N° 1465
Translated by C.M.TATTI
Date JUNE 6, 1967

From : L'UNITA' (Communist Party Daily)

WAR BETWEEN THE AIRLINES OF ITALY AND OF THE U.S.A.

Few people realise that the other night a serious conflict has broken out between the Italian Foreign Ministry and the State Department on an issue of major importance, not only from the economic standpoint, but also for the very relations between the two countries. The issue relates to the rights of the two nations' airlines.

To be true, the "war" had been smoldering for some time under the ashes, even though officially it started on May 31 of last year, when the Italian Government denounced the old agreement which dated back to the postwar period in 1948, when Italy's air fleet consisted of old planes, mostly war surplus.

Under that treaty Alitalia, which is now the seventh largest in the world, can fly only to New York, Boston and Chicago, while PAA and TWA aircraft have traffic rights to Rome, Milan, Turin and Naples, and from points in Italy can fly on, after loading passengers, mail and freight, to any destination. In very simple terms, the U.S. airlines do as they please -- as it was pointed out during the meetings of the two delegations -- while Alitalia cannot even reach Sand Francisco and Los Angeles, the Pacific Coast and Mexico.

In the course of the meetings -- held officially three times, the last a few days before the May 31 expiration date of the old Agreement -- the Americans have said no to all Italian requests. The U.S. representatives have not even agree to hear the question of reciprocity. How do the U.S. treat the other nations ? All or almost all of them better than Italy. Germany has five points and from two of them can fly to the Caribbean and South America ; Great Britain can operate on 17 points and can fly on to Australia, Japan and the Caribbean ; France has routes to New York, Baltimore, Washington, Los Angeles, San Francisco and Chicago, and can fly to Mexico and other Pacific points ; Japan, under the agreement signed last year, can fly around the world via San Francisco and New York.

Last year 275,087 aircraft (193,485 Italian and 81,602 foreign) arrived at and departed from Italian airports. Over 9 million passengers were landed, embarked and in transit, with a 13.4% increase, which benefited largely foreign airlines (16.9% vs. 11.2%).

The new agreement was intended, obviously, to change this situation. But on midnight of May 31 the two delegations have said goodby to each other without signing a protocol. Now there is no aviation agreement between Italy and the U.S. Flights, at least for the time being, have not been suspended but continue under temporary permits issued by the two Governments. For how long ?

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ROME A-1122

DECLASSIFIED

TRANSLATION
AMERICAN EMBASSY - ROME
TRANSLATION UNIT - GSO
Serial N° 1466
Translated by C.H.TATTI
Date JUNE 6, 1967

From : IL CORRIERE DELLA SERA
June 6, 1967

ITALY-AMERICA FLIGHTS CONTINUE WITHOUT INTERRUPTION

Rome, June 5 (night)

To this moment there has been no change in air services between Italy and the United States. After the failure of the negotiations for the renewal of the agreement denounced by the Italian Government, the U.S. airlines (TWA, Pan American and Seabord) have applied to the Italian Government for permission to continue their services according to published schedules. Alitalia did the same with the U.S. Government. The applications are still under consideration ; in the meantime, as indicated, services are continuing regularly.

Meanwhile, official circles have confirmed the news disclosed by Corriere della Sera concerning the points of dissent which caused the interruption of the conversations for a new air agreement.

The U.S. Delegation asked that its lines, after stopping in Italy, could continue "beyond" (taking on and letting off passengers) towards the Middle East, Africa, Australia, South-East Asia and Japan. Italy asked that its services, through intermediate points in the U.S., be permitted to continue via Atlanta to Mexico City and via Los Angeles beyond Tokyo, and that permission be given to fly to New York, Boston, Chicago and Dallas. The Italian side was willing to agree to the routes beyond Rome, excluding Africa and Australia ; the U.S. side would accept only the route to Los Angeles and beyond, towards Tokio. #